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Chapter 3

Trade Associations, Change, and the New Activism

Justin Greenwood

It's like the Alamo out there!

It's coming from all directions, and it's very, very unpredictable. There is a breakdown of trust and a corresponding rise in corrosive cynicism in both corporate activity and in mainstream politics. Trust is the cement in the relationship between institutions and civil society. When trust breaks down, so civil society either withdraws from participation, or expresses protest outside of mainstream channels of participation. Risk related investment falls. Participation in elections decline, and alternative outlets of political expression arise. The press becomes cynical, hostile, negative, and seeks out bad news. Suspicion sets in, and irresistible pressures grow for openness, transparency, and accountability. The information and opportunities so yielded reaps a crop of issues upon which cynics make hay, and the internet spills out more and more information, opening up new fronts as it does so. Even potential good news stories are interpreted and reported negatively, and those with news to tell become defensive and/or incommunicative. The downward spiral continues. Company managers and public affairs leaders lose the ability to predict when and from which direction the next missile is coming their way.

These factors help to explain the climate in which brand name and other companies have found themselves to be targets of activism, sometimes in very isolated positions. The corporate world reveals a tendency to shoot itself in the foot by yielding a clutch of household name companies with financial practice scandals resulting in losses for millions and acute misery for thousands, raising wider public interest agendas. Mainstream public interest groups are turned from potential friend into foe, and the everyday citizen becomes a business critic. Politicians respond with agendas with seemingly limitless regulatory frontiers which catch companies on the back foot.

To what extent do, and could, trade associations, as collective representative bodies for constituencies of companies, help? Can they help defend their members in public perception, in politics, and help their members to adapt and respond? Or are they simply left as by-standers in the entire process, and become less and less relevant to the constituencies they serve? Where there is variation, what are the patterns, and causal factors, of variation?

Corporate Responses

'Healthy, profitable, forward-thinking companies...have recognised that, in order to operate successfully, they must satisfy the three elements of sustainable development: financial, environmental, and social' (European Round Table of Industrialists, 2001 p.1).

The European Round Table of Industrialists (ERT) is a forum of (currently, 42) industrial leaders (at Chief Executive Officer (CEO), or Chairman, level), of many of the largest firms in Europe. The position adopted by the ERT reveals

that large firms have come to accept that they are publicly accountable for their operations, and have developed programmes to communicate their credentials of good corporate citizenry. Annual company reports bulge with details of community programmes and evidence to demonstrate that ethical practices of environmental, social, human rights, employee relations, and procurement operations are fully mainstreamed into company activities. These acknowledge the reality that corporate accountability now extends far beyond their shareholders into a much wider stakeholder constituency. These realities mean that the collective public affairs wisdom that engagement in public debate will do more harm than good is a thing of the past for companies whose activities have already become issues of high politics. Companies at the sharp end have entered public debate, with mixed success.

Inevitably, these displays are most evident among companies that have been most subject to criticism and activism. Biotechnology firms such as Monsanto have spent hugely on newspaper advertising campaigns that are now widely regarded as a failure, opening new cans of worms and stirring up hornets nests. Others have adopted a wider range of tactics which go beyond communication issues. Among petro-chemical companies, Shell has responded extensively and through diffuse outlets to criticisms of its operations following reporting of events to which it has been connected in the Niger Delta, and attempts to dispose the *Brent Spar* oil platform. BP has positioned itself as part of the solution to problems of climate change, through a deliberate decision to enter public debate and acknowledge the contribution of fossil fuels, by re-engineering itself, and through re-presenting itself to the public as an energy (including renewables) company 'Beyond Petroleum'. In doing so, it has won the acclaim of the media, investors, environmental groups, and President Clinton, resulting in an invite for the BP CEO, John Browne, to the White House to discuss the future of energy policy with him (Bryceson, 2002a). Unilever, as the largest buyer of fish in the world and forewarned of a major Greenpeace campaign to target it about depletion of fish stocks, did likewise by establishing the Marine Stewardship Council partnership with the World Wide Fund for Nature (WWF) for brand differentiation of sustainable fisheries (Bryceson, 2002b). These examples were not corporate gestures, but a way of engaging with change in a way endorsed by public interest groups and consistent with shareholder value. The reputational advantage for the companies concerned was considerable.

What can Trade Associations do?

These types of actions are within the remit of individual companies to take. An individual company responsible only for its own actions and facing bottom line pressures as a result of being targeted by activists will be responsive. Typically, new activists distinguish between leader and laggard firms, and single out a particular high profile 'name' laggard. One company singled out for its performance relative to others tends to keep the problem to themselves, and may become inward looking rather than turn to trade associations for help. Macdonalds, for instance, rarely participates in trade associations. The campaign against Huntingdon Life Sciences and any corporate associate was deliberately designed to isolate it and to make it difficult for any trade association or other company to come to its rescue. Under these

circumstances, collective action becomes almost impossible. Christopher Cliffe, from Huntingdon Life Sciences is on record as complaining that trade associations melted away in the heat of the conflict and left his company to hang out to dry. And yet, in more 'normal' conditions, trade associations can also be the ideal collective cloaks for firms, ideally suited to fronting difficult public affairs issues with which companies do not wish to be individually associated with in public profile.

For companies not (yet) in the front line of target activism, some of the normal rules of public affairs have been modified rather than discarded. Traditionally, business interest public affairs strategies have been modelled on keeping its interests out of the public gaze where they can be contested in open and unpredictable public arenas. These strategies are aimed at confining corporate affairs within private, exclusive arenas with government regulators. Provided business has got what it wanted from these 'behind closed doors' exchanges, it has not needed to engage the public, and has only done so at times of desperation when it has lost the case in private arenas, risking in the process the privileged relationship it has enjoyed with government. Thus, the successes of trade associations are private, and their failures public. Collectively, business has used trade associations as the 'head above the parapet public voice' when it has failed to secure its objectives in public policy. One example is the extensive newspaper advertising campaigns by the Association of the British Pharmaceutical Industry (ABPI) against government proposals in the mid 1980s for a limited list of prescribable drugs available under the National Health Service (NHS). As well as being unsuccessful, these type of campaigns have almost always been counter productive. Thus, Kenneth Clarke, as Health Minister, publicly criticised the ABPI advertisements by the industry as deliberately alarmist because they seemed to imply to some that medicines would no longer be available under the NHS.

These lessons were learnt by trade associations, and rarely repeated thereafter. What has emerged instead is an adaptation involving a more targeted use of newspaper advertising by associations and companies, aimed not at the general public but more at policy makers by locating the specialist media outlets which policy practitioners read. *European Voice* is a Brussels based newspaper with a circulation of a little over 40,000, whose readers are an elite band of EU policy makers, public affairs practitioners, and observers. Consequently, the paper has frequently been the home for full page advertisements from both companies and trade associations. Recent examples include those addressed to long term image building, such as the 'Pfizer Forum' series and the EU biotechnology trade association Europabio's current advertisements on biotechnology and the benefits for developing countries. They also include issue fire-fighters, such as American aviation interests opposed to the introduction of regulation forcing them to use expensive 'hush kits' in European airspace. Engaging public opinion in this way has long been a role performed by American trade associations, where insurance, chemical, brewing, and tobacco trade associations have frequently mounted major educational efforts through outlets such as the *New York Times* and the *Wall Street Journal* (Gupta and Brubaker, 1990).

These type of industries have learnt that some limited form of public engagement is unavoidable. The internet has provided a new outlet to put their case in some detail. The web sites of trade associations whose constituents are acutely affected by 'new activism' usually take the opportunity to explain the position of their members. Hence, a visit to the web sites of the UK Bioindustry Association (BIA) (www.bioindustry.org), or the European Cosmetic, Toiletries and Perfumery Association COLIPA (www.colipa.org), reveals detailed perspectives about the use of animals in scientific research and testing. The first of these contains a number of statements about Huntingdon Life Sciences, comment which is carefully restricted to the general issues about intimidation by protestors rather than getting involved with the detailed case of the individual firm. Thus, the new rule of thumb for those likely to be affected seems to be a qualified, selective use of targeted media devices as a means to influence its external environment.

Companies targeted by a 'common enemy' can develop effective collective solutions through trade associations, although, as is discussed later, only under highly specific conditions. The chlorine industry was targeted by Greenpeace by the slogan 'Chlorine free by '93', stimulating the formation of a highly effective and pro-active EU trade association, Euro Chlor, in 1989. Whilst this example will be discussed more fully later, the point to note now is that its embeddedness with policy making institutions has helped the industry to safely expand world production of chlorine from 35 million tons p.a. in 1993 to 44 million in 2001 (Gilliat, 2002). Some associations emerged as 'issue niche' organisations, developing at a later stage into a permanent and highly effective specialist trade association structure. Thus, the EU business association, Alliance on Beverage Cartons and the Environment (ACE) emerged in the late 1980s in response to (unfounded) regulatory threats emerging from wider public interest concerns about dioxins leaking from drink cartons into their contents. When the 'scare' receded, so the organisation transformed itself into a highly effective specialist trade association for carton board converters. Some 'single issue' collective structures have arisen because of the inability of the trade association to tackle the underlying issues effectively, and have remained as separate, parallel structures to trade associations. The decade old Portman group in the UK, and the Amsterdam group at the EU level, are both specialist structures that enable alcoholic drink producers to respond to social concerns about alcohol consumption.

These three examples – chlorine, paper board converters, and drinks – are all from relatively concentrated industries populated by firms of similar size, at a mature stage in the product cycle, in which overcapacity and competition issues have periodically emerged. It is in these circumstances in which collective structures can emerge, and are developed through the identity of grappling with a 'common enemy'.

Business Collective Action and the Social Environment: More Consensus than Conflict

The cases above reveal a number of wider points about business collective action structures and the social environment that they address:

- it is not just a phenomenon of very recent years
- it has emerged not only in response to public interest activism, but also – and perhaps principally – to government regulatory responses to the wider agenda. Whilst public interest activism intensively consumes the resources of individual companies affected, the wider impact upon business, and the agendas of public affairs circuits, has been directed more towards addressing the government regulatory agenda than the ‘new activists.’ One network leader described the latter as a ‘minor irritant’
- trade associations can be in the forefront of business responses to the new activism, but only under highly specific circumstances
- business has sought to address the wider issues raised in specialist collective action structures.

Nonetheless, the wider agenda has crystallised in recent years into a relatively new phrase, that of ‘corporate social responsibility,’ reflecting and resulting from initiatives led by both business, and public authorities, to come to terms with the wider agendas. It has become a mainstream political issue, and developing partnership with mainstream public interest groups has become an orthodox public affairs strategy. Set alongside the context of ‘new activism’, engaging with public interest groups has become a relatively attractive and civilised prospect, and the opportunity to learn in such a way that skirmishes with ‘new activists’ might best be avoided. Alcohol Concern and the European Public Health Alliance may well be public critics of the drinks industry, but they can at least be engaged in dialogue, learnt from, and possibly even tamed. As Sabatier’s model of policy change reminds us, these exchanges become meaningful over time, as policy actors trade perspectives and incorporate aspects of each other’s agendas (Sabatier, 1988). ‘Light’ green organisations such as WWF have become much sought after partners for companies and trade associations, while even ‘darker’ green organisations such as Friends of the Earth and Greenpeace have become acceptable organisations to listen to and seek to learn from. Greenpeace, itself, has been subject to criticisms that it has become over institutionalised by this process, de-radicalised, and has lost its independent campaigning capacity (Chapter 1).

There is now a mature tradition of purposeful alliances between private and public interest groups, and some of these have now developed into formal organisations bridging these range of interests. Some have emerged from business led initiatives, while others have arisen from actions by public authorities seeking ‘concertation’ between diverse stakeholders. One example of the latter organisations is the European Partners for the Environment (EPE), a European Commission initiated structure under the EU Environmental Vth Action Programme (Lenschow, 1999), and now operating as an independent association. This organisation brings together public interest groups (such as WWF and the European Environmental Bureau) with business (such as Unilever and Procter and Gamble) and trade unions (including the European Trade Union Congress - ETUC) and public (mainly local) authorities, to:

build the ground for consensus on sustainability...dialogue built through long-term relationships between partners and strengthened by trust leads to common practical action...partners meet in an informal atmosphere to float ideas, seek common solutions and constructively engage in debate and projects of mutual interest. Each partner takes away this learning and feeds it into the work of his or her own organisation (EPE, 2002).

These relationships are more common between private and public interests than are conflict and confrontation. Admittedly, they are more common to Brussels than to member state environments, because Brussels politics is almost solely institutional politics in which popular protest activities are all but absent. Nonetheless, dialogue is more common than daggers at the national level. All mainstream public affairs consultancies have developed brokering services for companies with public interest groups, and have developed services for NGOs with the more lucrative corporate brokering role in mind. Many such consultancies now employ ex public interest group activists to enhance their capacity to do this and to add to their profile. And a new branch of public affairs consultancy has emerged, geared at advising business how to engage with its critics in civil society, how to talk to them, and how to learn from them.

Corporate Social Responsibility and Political Institutions

A recent Green Paper from the European Commission on Corporate Social Responsibility (CSR) defines the concept as one

whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis (European Commission, 2001, p.4).

A successor Commission *Communication*, together with the wider course of European politics, reveals the width and extent of the CSR agenda (European Commission, 2002). CSR has become a window of opportunity for both business and its opponents, and a regulatory bag wide enough to include just about anything. For instance, a recent European Parliament debate on the Green Paper saw an attempt to introduce measures to regulate corporate (only) lobbying (Public Affairs Newsletter, 2002). The 2002 *Communication* dreams of integrating CSR in all EU policies, ranging from Employment and Social Affairs, and policies concerned with Enterprise, the Environment, Consumer affairs, Public Procurement, External Relations and Trade, and Public Administrations. Indeed, one of the strategic priorities of the EU agreed by member states and the Commission at the Lisbon Summit of March 2000, reflects the wider debate of CSR through the EU goal of becoming, by 2010,

the most competitive and dynamic knowledge based economy in the world, capable of sustainable economic growth with more and better jobs and greater social cohesion (European Commission, 2002, p.4).

The Commission CSR agenda is being driven by the Directorate General for Employment and Social Affairs, which has become the most expansionist and politically committed of the Commission's services. This directorate has aggressively sought to expand the frontiers of European integration into 'social Europe' by using a mixture of compelling rhetoric and by initiating and nurturing public interest groups able to act as a demand constituency upon member states for European integration. In this way, organisations such as the European Women's Lobby have been able to progress discourses of equality which member states find hard to resist, and engage member states to successfully propose the introduction of new competencies into the EU Treaties (Helfferich and Kolb, 2001). In CSR, Directorate General Employment and Social Affairs is also seeking to team up with public interest groups to develop an expansionist agenda, and is seeking to free its hand to act by using classic divide and rule strategies. The Communication reflects that business wants to avoid regulation, while labour, public interest, and to a certain extent also some constituencies of investors, seek regulation. It proposes to establish a 'Multi Stakeholder Forum' bringing together 40 European representative organisations of employers, employees, consumers and civil society as well as professional associations and business networks, and to report by 2004.

Corporate Social Responsibility and Business Led Initiatives

The EU agenda has succeeded in putting business on the back foot. It could never be otherwise at a time when the regulatory window of opportunity includes Enron as well as Swampy. Business interest associations at the EU level have responded predictably, arguing that measures to achieve CSR should be left to the voluntary initiative of companies themselves, and pointing to the progressive record of many. In addition, both the ERT and the Union of Industrial and Employers' Confederations of Europe (UNICE) have argued that EU level legislation is unnecessary because of the existence of global level initiatives. These include the International Labour Organisation (ILO) Tripartite Declaration, the United Nations (UN) Global Compact, and the Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises, favoured by the ERT. Some of these have resulted from input from trade unions and public interest groups as well as business. ERT and UNICE joined forces, along with the business forum Corporate Social Responsibility Europe, to write a joint letter to the President of the European Commission in June 2002, putting the above case.

ERT and UNICE, as well as the EU Committee of the American Chamber of Commerce, the Association for the Monetary Union of Europe, and Europabio, have begun to be targeted themselves by activists, and in particular by Corporate Observatory Europe (COE). COE describes itself as a research and campaign group that

exposes the threats to democracy, equality, social justice and the environment posed by the economic and political power exercised by corporations and their lobby groups...(and) endeavours to support progressive groups whose interests are threatened by corporate conduct (Balanyá et al, 2000, p.xi).

The ERT has been particularly singled out by COE because of the 'malevolent impacts of its influence' (ibid.), publishing a photograph of its members and summary details of any transgressions of their companies. Much of this activity, however, seems to have gone unnoticed by the associations themselves, and appears to be limited to critical literature production. The only demonstrations witnessed by the Brussels headquarters of UNICE have come from symbolic publicity stunt events organised by its institutional sparring partner, the European Trade Union Confederation (ETUC), and not by 'new activists'. EU oriented protest tends to find national rather than EU targets (Imig and Tarrow, 2001), and EU politics is institutional politics rather than the politics of social movement. Nonetheless, it is true of most environments that trade associations have rarely been the target for protest.

On the whole, trade associations have not been in the front line of business led initiatives about Corporate Social Responsibility. Some of the principal EU business associations were not even consulted by the Commission in the formulation of its policy papers. While all the main EU associations have position papers on it, the leading organisations have been best practice business networks which have emerged in specific response to CSR, such as Corporate Social Responsibility Europe. CSR Europe describes itself as a

business to business network for corporate social responsibility in Europe...Our mission is to help companies achieve profitability by placing Corporate Social Responsibility in the mainstream of business practice (CSR Europe, 2002).

CSR Europe's 60 company members include brand name companies such as BP, BT, Coca Cola, Diageo, EdF, Ford, General Motors, Hewlett Packard, IBM, L'Oreal, Levis, Microsoft, Motorola, Nestlé, Price Waterhouse Coopers, Proctor and Gamble, Shell, and Unilever. CSR Europe comments that the interest of many of its members arise from their past mistakes that have damaged their reputation and business operations. In addition to offering the opportunity for good positioning and exchange of best practice, CSR Europe interacts with governments and with public interest groups, inviting Amnesty International and Human Rights Watch to speak at member meetings. It has a network of national partners, and once again it is not horizontal general business associations which dominate, but CSR specific business networks.

As with the EU context, associations such as the Confederation of British Industry have a position on CSR (opposed to enforcement; concern about diverting business from core mission of wealth creation), but leave the mainstay of activities to specialist networks. The web site of the CBI's Trade Association Forum leaves no evidence of any activities in corporate social responsibility. Instead, CSR as a horizontal business issue is primarily developed by a clutch of specialist networks, such as the UK Business in the Community (BITC) organisation. BITC is a network of over 650 UK based companies, including 75 of the 100 largest publicly quoted firms, and is a national partner of CSR Europe. BITC members commit themselves to

continually improving, measuring and reporting the impact their business has on the environment, marketplace, workplace and community, and actively engaging in partnerships to tackle disadvantage and create enterprising communities (BITC, 2002).

BITC is one of a number of UK business networks concerned with corporate social responsibility, alongside organisations such as Common Purpose, the Institute of Business Ethics, and the Prince of Wales International Business Leaders Forum where multinational companies address concerns with developing economies. Many of these organisations have overlapping membership, revealing the strong identity and positioning that comes with the membership badge. Corporate Social Responsibility has become high politics – the subject of a recent address to the US nation by President Bush – and so business has needed specialist identity organisations to allow companies to demonstrate their credentials, rather than hiding their bushels through trade associations.

Some of the larger trade associations have historically developed symbolic activities that resemble corporate social responsibility activities, such as community relations schemes, or the projection of innovative member practice (such as the 'Eco house') in annual reports for positioning purposes. The largest UK trade association, the Association of British Insurers, has operated a modest staff secondment scheme in conjunction with Business in the Community, seconding up to four staff for limited projects involving around 40 hours work with charities (Boleat, 2001). These limited activities provided a means of staff development for the association, as well as positioning, but rarely involved the mainstreaming of corporate social responsibility activities in the work of the association or in developing mainstreamed CSR practice among its members.

Trade Associations and the New Activism: Opportunities and Limitations

To some, trade associations are simply by-passed by the 'new activism.' One experienced (EU) public affairs practitioner who has worked for a large company public affairs office, an international public interest group, and a public affairs consultancy, reflected to the author that

(new activism) is precisely one reason why trade associations are in decline. Campaigning organisations focus on brand name companies, differentiate between leaders and laggards, and certainly try to get past trade associations. Even the NGOs get fed up with trade associations, and frustrated with their lowest common denominator positions (just as politicians do) and seek out the company spokesperson. Look at *'Beyond Philanthropy'* by Oxfam/Voluntary Service Overseas/Save the Children (oxfam.org.uk), for example, no mention of the EU, International, or US pharmaceutical manufacturers trade associations. They have become irrelevant on the access to medicines issue (personal correspondence, October 2002).

Whilst public affairs consultants need to be sceptical of trade associations because they provide alternative services, this hostile view of trade associations is worth recording, because it is not an uncommon one, and for some the 'new politics' of activism is one that makes trade associations irrelevant. But it is a very one-sided view of their capabilities. As has been outlined, their potential to act as collective cloaks for their members on controversial issues that companies would rather not argue the case for alone, make trade associations perfectly placed to bring value to their members by engaging those who directly target their industries.

Certainly, trade associations have structural limitations. They are collective bodies, and any process of aggregating opinion between different entities involves some degree of compromise, and delays in responding to issues as common positions are built. But emphasising the diluted nature of opinion and sluggish response times are rather cheap points to make about organisations whose purpose it is to find common positions and act upon them. The flip side is to reflect on the 'miracle,' as the former General Secretary of UNICE has put it, of being able to reach common positions to a sufficient level to enable them to act upon them (Tyszkiewicz, 2002). The legitimacy of trade associations arises from the breadth of constituency they encompass. The alternative of multiple dialogues and outright public affairs competition is an unacceptable scenario for political institutions and private interests alike. Membership of trade associations is normal political behaviour, and for anything other than the smallest firms the costs of non-membership, and the inability to influence the positions the associations take, is too high.

The view above also ignores the high degree of variation between trade associations, which differ in their capacities as a result of the environment in which they operate and the extent to which there are shared interests among their members. At one extreme lie associations in Germanic Europe, where they form part of corporatist governance systems in which they regulate the activities of their members. At the other are associations in highly pluralist political systems in which associations compete with each other and their members, to influence public policies. Typically, political systems in which decision making is highly fragmented afford a high degree of access to decision making, but low degrees of influence, because the dispersal of authority insulates the system from special interest capture. In these circumstances, decision making institutions accept all comers, and associations compete for voice with their members. In political systems where power and decision making is concentrated, the reverse is true. That is, access is difficult but, once obtained, private interests can be highly influential (Risse-Kappen, 1995). Hence, to observers embedded in the EU political system, the limitations of trade associations may be more striking than their strength. In pre-war Germany, where 50% of regulation directed at industry was exercised by controls exerted by trade associations, such organisations look very significant indeed (Hollingsworth and Schneider, 1991). In other comparative settings, associations can act as agents of economic development (Doner and Schneider, 2001). In the right circumstances, trade associations can act as powerful intermediaries between state and civil society, delivering the compliance of their members for

governance mechanisms in return for a place at the policy making table and the award of a near monopoly of governmental recognition. These advanced roles are not possible in fragmented authority structures such as the EU where there is no central authority to grant associations these roles.

As well as operating in a fragmented authority system, EU trade associations also face the disadvantage of being restricted function organisations. They are designed for political representation in EU institutions. They do not undertake the wider range of functions, such as membership services, that can be found among national associations. Consequently, they operate on a more restricted resource base in that they are almost totally reliant on membership subscriptions. This means that they lack autonomy from their members, and become communication media for the short-term demands of their members. To bring value to its members, an association needs autonomy from them so as to lead their perceptions of where their interests lie on issues. As one commentator has observed, it is 'better that my interests are represented than my more-or-less shaky opinions' (Burnheim, in Phillips, 1995). This requires a substantial heritage of trust between members and their association, a product of both structural industry features in which competition is limited, and the usual dynamics of inter-personal relations in which trust is earned over time.

These factors also help explain preferences within political institutions for associations or firms. The structural weaknesses transmitted to associations as a result of working within fragmented power systems means that they have limited utility to bring value to policy makers. When confronted with weak and poorly resourced associations, policy makers turn to companies for information, ideas, and assistance with governance. When associations can deliver these things as well as concerted, collective opinion, and simplify the consultative life of policy makers, so policy makers prefer associations. Even in relatively difficult circumstances, however, trade associations can still be important players, and political systems find it difficult to live without them. Thus, in the EU, trade associations help the resource slim political institutions by providing information and expertise, yield intelligence about national differences and advance warning about political issues in the Council of Ministers, and the capacity for implementation. They also offer the opportunity for remote political institutions to overcome their remoteness from street level concerns by acting as a bridge. They have also provided a means for policy implementation, and are the powerhouse in street level European integration through the support they provide to their members to participate in the structures of European standardisation. By doing so, they lower transaction costs for a wide range of stakeholders beyond their own members.

The ability of an association to bring value to its members also depends upon the extent to which its constituency has shared interests. Typically, associations work well where their member companies are of a similar size, where an industry is relatively concentrated, where there is some degree of maturity in the product cycle, where there are commodity products which are difficult to differentiate on factors other than price, and where there are

common shared problems such as overcapacity which the association can help manage (Greenwood, 2002; see also Bennett, 1999). These features also make industries prone to cartel like behaviour. Associations representing industries with a 'common enemy' also tend to have a high degree of unity and cohesion. Hence, associations that work well for their members are those in sectors such as steel, cement, and chlorine, while those in which associations are marginal players are those in sectors such as tourism and retail. Typically, the former set of collective organisations finds high membership densities and a high degree of trust between members of an association, while the latter type of association displays low membership densities and low intra-member trust.

Thus, some associations are very well geared to taking political action on behalf of their members, displaying a high level of shared values and the capacity to act relatively quickly. Because of these attributes, together with stable and appropriate leadership, the European chlorine association, Euro Chlor, has become the normal route for political action by its members rather than one of a number of channels. It has developed a monopoly on the supply of information aggregated at a certain level, and is regarded by its interlocutors in policy making institutions as a more reliable source of information on chlorine and pollution than are national governments. It has been well able to develop self regulation which makes itself useful to public authorities by undertaking public protection functions, but and to its members by deflecting governmental regulation over which it has less control. It has bought its members sufficient time to adapt their production processes from the use of mercury to manufacture chlorine, to other processes. It has prevented its members who do not use mercury in their production processes from threatening the business of competitors who do, through focusing upon common interests. Not only is the association well equipped to respond to threats by 'new activists', a principal source of its collective action capability is the threat posed by its members 'common enemy', Greenpeace.

Conclusion

Trade associations belong to the world of order and organisation rather than chaos and unpredictability. These paradoxes help explain why the same factors which make them strengths in 'Alamo' climates are also those that make them weaknesses. When order and structure break down, trade associations can be an anchor and a familiar routine against uncertainty. Their routinised and bureaucratised structures can also make them ill equipped to deal with change and unconventional contexts.

Yes, trade associations are slower to act than are single companies who do not have to composite a range of views. Companies will always be best placed to re-engineer themselves to adapt to new expectations that they be accountable for their social and environmental performance, as well as to direct targeting from activists. Certainly, business responses to corporate social responsibility have emerged outside of trade associations. But the important point is that these responses have arisen in collective structures that resemble interest associations. As single issue organisations, business led corporate social responsibility organisations are best able to respond to

the needs of business. They provide the opportunity for good corporate positioning by enabling firms to demonstrate the badge of good citizenship. They help deflect the threat of governmental regulation. And they help disseminate best practice. As new organisations, business led corporate social responsibility organisations can be responsive. All organisations become conservative and bureaucratised with age, and trade associations are no exception. Trade associations have wider agendas, and it is not surprising that they are peripheral players in the debate on corporate social responsibility.

Yet trade associations are by no means without value to business in the contexts of new agendas for accountability, and activism. Trade associations help their members to engage with politics by providing internal fora for exchange between members, and in political socialisation. They become learning organisations for their members. They provide an outlet for members to engage regulatory authority, help to prevent hostile agendas from escalating, and deliver alternative self regulatory governance solutions which policy makers find attractive because of their low transaction costs. They can broker partnerships and dialogue with mainstream public interest groups from which their members learn and adjust. And they help address activist agendas by providing a collective cloak to engage with issues that companies find difficult to take on alone.

Trade associations are extremely sensitive to the political environment in which they operate. Where they are embedded in unfavourable structures of fragmented political decision making and endowed with a narrow range of functions, so the prospects for them to bring value to their members are unfavourable. Where they gain access to concentrated political decision making structures, so they can be highly influential, quasi autonomous intermediaries between government and civil society undertaking public interest governance functions. Where there are shared common interests and similar structural characteristics of their members, so trade associations can be cohesive and responsive organisations, developing mechanisms to deflect external threats. Some trade associations owe much of their cohesion to common external threats from new activism, and have proved adept at responding to them in the wider interests of their members.

Trade associations seek to position and reconcile enlightened self interest with the broader public interests of civil society. This approach is also one which lies at the heart of corporate social responsibility (Gupta and Brubaker, 1990). This chapter has shown that, while trade associations differ greatly in their ability to handle the type of issues presented by 'new activism', they are in concept ideally placed to do so. They can find and broker collective, industry-wide solutions so that no one member faces competitive disadvantage in responding to 'social responsibility' challenges alone. Mechanisms such as self-regulation and environmental standard setting, devised and rigorously policed by trade associations so as to ensure compliance, can raise overall standards and in doing so protect members and meet public interest goals. As such, they can become part of the solution rather than part of the problem. Where there are problems, trade associations

are better placed than their members to take flak because they do not risk taking bottom line losses in so doing. They can lead their members' perceptions of what their interests are on given issues, and engage public audiences on issues which are too sensitive for a single company to do so alone. To do all of these things, a trade association needs strength, and sufficient independence from its members, together with safeguards to prevent it from being over-dominated by any one constituency of members. In turn, these factors enhance public confidence and trust as the association delivers on common goods by impartially enforcing standards. These properties of trade associations are common where governments make them 'must belong' organisations for their members by endowing to trade associations their recognition as policy and governance partners. Such arrangements are more common to the Germanic, than the Anglo-American, models of capitalism.

Gupta, S. K. and Brubaker D. R. (1990) '*The Concept of Corporate Social Responsibility Applied to Trade Associations*', Socio-Economic Planning Science, 24, 4, pp 261-271.